

TAB B

EXPLANATION OF TITLE IV

Section 1 - Salaries of Chiefs of Mission

The salaries of chiefs of mission have not been changed since 1946. These rates are presently as follows: class 1, \$25,000; class 2, \$20,000; class 3, \$17,500; and class 4, \$15,000. It is proposed that these rates be increased as follows: class 1, \$30,000; class 2, \$27,500; class 3, \$25,000; and class 4, \$22,500. The percent of increase ranges from 20 percent for a chief of mission of class 1 to 50 percent for a chief of mission of class 4. Under the proposed adjustment, a chief of mission of class 1 would receive the same salary as heads of the executive departments, whereas, heretofore the salary of a chief of mission of class 1 has exceeded that of a cabinet member by \$2,500. On the other hand, the proposed adjustment maintains the existing salary relationship between the salary of a chief of mission of class 4 and the new rate for Assistant Secretaries, namely, \$22,500.

Section 2 - Salaries of Foreign Service Officers and Reserve Officers

Salary adjustments in the Classification Act pay schedule are as follows:

1. Establishment of a new grade of GS-19 with the following rates:
\$18,000, \$18,500, \$19,000, \$19,500, \$20,000
2. Provision for a range of rates for present grade GS-18, which now carries a flat rate of \$14,800, as follows:
\$16,000, \$16,500, \$17,000, \$17,500, \$18,000
3. Adjusting the maximum rate of grade GS-17 from \$14,620 to \$14,835 so as to provide an increment between the fourth and fifth rates in this grade.

The proposed revision in Foreign Service salaries is designed to make generally corresponding adjustments for the class of career minister and for class 1. Because there are only seven salary classes for Foreign Service officers to cover fourteen (or twice as many) Civil Service grades, it is essential to make further adjustments in at least classes 2 and 3 of the salary schedule for Foreign Service officers. The rates herein proposed also take into account the Department's desire to submit separate legislation that would increase the number of classes of Foreign Service officers and Reserve officers.

The class of career minister (\$18,000 to \$20,000), which is the highest rank in the career corps, is equated precisely with grade GS-19.

The proposed range for class 1 (\$15,800 to \$17,800) corresponds closely to the proposed range for GS-18 (\$16,000 to \$18,000), but provides six rather than five rates as well as a modest differential between the top rate for class 1 and the minimum rate for career minister.

The proposed rates for class 2 (\$13,000 to \$15,400) are designed to maintain a reasonably sound salary structure. If class 2 salaries were left unchanged, there would be a difference of over \$3,800 between the minimum rates of classes 1 and 2, respectively. The proposed adjustment is also designed to avoid submitting a different set of rates for this class in the legislation referred to above.

The proposed rates for class 3 are adjusted for the same reasons that underly the adjustment for class 2 rates and can be incorporated in the legislation referred to above without change. These adjustments admittedly pose a serious problem with respect to officers below class 3.

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However, it is anticipated that this problem can be resolved in separate legislation.

Section 3 - Salaries of Foreign Service Staff Officers

The proposed revisions in salary rates for classes 1, 2, and 3 in the Foreign Service Staff pay schedule reflect modest increases in partial recognition of the adjustments in salaries of Foreign Service officers and Reserve officers and will alleviate morale problems that would undoubtedly arise were such action not taken.

Section 4 - Conversion of Present Officers to New Salary Rates

The proposed legislation authorizes the Secretary to place officers in the classes affected at an appropriate salary rate in the revised schedule. It is contemplated that the Secretary will prescribe regulations the effect of which will be:

1. To place all career ministers at the minimum rate of \$18,000, thus paralleling the treatment to be accorded Civil Service officers in GS-19;
2. To place each officer in the lower classes at that salary rate which is equal to or least exceeds the salary rate which he is now receiving.
3. In those instances where an additional salary step is prescribed, as in the case of class FSO-1, such step would remain vacant at the time of conversion.

Section 5 - Safeguard Provisions

The purpose of this section is self-explanatory.

Costs of conversion to new salary rates are contained in Attachment C.

OUTLINE OF STATE DEPARTMENT
PROPOSALS OF EXECUTIVE PAY LEGISLATION

Title VII

1. Include the following provisions under title VII, or if more appropriate, under some other title:

"Section 527 (b) of the Mutual Security Act of 1954 (P.L. 365, 83rd Cong., 68 Stat. 832) is amended by striking out '\$15,000 per annum' and inserting in lieu thereof 'the salary rate for Assistant Secretaries of State'."

TITLE VII - EXPLANATION OF STATE DEPARTMENT PROPOSALS

The Mutual Security Act of 1954 (P.L. 665, 83d Congress) authorizes the establishment of not to exceed 60 positions in the United States without regard to the provisions of the Classification Act of 1949, as amended. It further provides that not more than 35 of the 60 positions may carry rates higher than the maximum rate for grade GS-15, and further provides that not more than 15 of the 35 positions may carry rates in excess of the highest rate provided for grades of the general schedule but not in excess of \$15,000 per annum.

In view of the fact that the present \$15,000 rate for Assistant Secretaries of State is proposed for \$20,000, the Department would propose that the \$15,000 limitation presently contained in the Mutual Security Act of 1954 be raised to \$20,000. Administratively, the Secretary could establish an appropriate rate of salary for the 15 excepted positions up to but not in excess of the rate for an Assistant Secretary.